

Message Text

CONFIDENTIAL

PAGE 01 MADRID 05237 01 OF 02 121155Z

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 AID-05 CEA-01 CIAE-00
COME-00 EB-07 EA-07 FRB-03 INR-07 IO-13 NEA-10
NSAE-00 USIA-06 OPIC-03 SP-02 TRSE-00 LAB-04
EPG-02 SIL-01 AGRE-00 OMB-01 STR-04 XMB-02 L-03
/094 W

-----018899 121253Z /43

P R 120920Z JUL 77

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 968

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

C O N F I D E N T I A L SECTION 1 OF 2 MADRID 5237

USEEC

USOECD

E.O. 11652: XGDS-1

TAGS: PINT, ECIN, SP

SUBJECT: SPAIN AND THE EEC

1. SUMMARY: SPAIN AND THE EC HAVE AGREED THAT MUTUAL
PREFERENTIAL TARIFF TREATMENT ON INDUSTRIAL PRODUCTS
WILL BE APPLIED BETWEEN SPAIN AND THE EXPANDED EC. PENDING MATTERS
ON AGRICULTURE EXPORTS TO THE EEC AND SOME COMMODITIES
SUBJECTED TO QUOTAS ARE EXPECTED TO BE NEGOTIATED BEFORE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MADRID 05237 01 OF 02 121155Z

THE END OF JULY. THE GOS ALSO EXPECTS LATER THIS MONTH
TO MAKE FORMAL APPLICATION FOR FULL COMMON MARKET
MEMBERSHIP TO BE FOLLOWED IN OCTOBER BY A SUAREZ TRIP
TO EUROPEAN CAPITALS TO PRESS FOR AGREEMENT IN PRINCIPLE TO
SPANISH ENTRY. HE HOPES TO USE THE NATO ISSUE AS LEVERAGE.
THE GOS AND SPANISH BUSINESSMEN ARE IRRITATED OVER UNFRIENDLY
STATEMENTS BY EUROPEAN POLITICAL LEADERS AND ADDITIONAL ECONOMIC

HURDLES BEING REVEALED NOW THAT SPAIN HAS REPUTABLY MET THE TEST OF DEMOCRATIC INSTITUTIONS. NEVERTHELESS, THE GOVERNMENT'S COMMITMENT TO FULL EC MEMBERSHIP SEEMS FIRM AND HAS THE SUPPORT OF MAJOR SPANISH POLITICAL GROUPINGS INCLUDING THE PSOE. WHILE SOME SPANISH BUSINESSMEN ARE FEARFUL OF THE IMPLICATIONS OF EC MEMBERSHIP, PARTICULARLY THOSE WHOSE COMPANIES HAVE A POOR COST STRUCTURE, THE GENERAL FEELING IS THAT SPAIN'S ENTRY INTO THE COMMON MARKET IS INEVITABLE AND WILL ON BALANCE BE BENEFICIAL PROVIDED THE TERMS AND TIMING ARE NOT TOO ONEROUS. END SUMMARY.

2. ON JULY 5 SPAIN SURMOUNTED ONE MORE HURDLE ON THE LONG ROAD OF NEGOTIATIONS LEADING TO EC MEMBERSHIP BY OFFICIALLY NOTIFYING THE EUROPEAN COMMISSION OF ITS DECISION TO EXTEND ITS 1970 COMMERCIAL AGREEMENT WITH THE ORIGINAL EC SIX TO THE EXPANDED CLUB OF NINE. AS A RESULT, SPAIN WILL NOW HAVE THE SAME PREFERENTIAL TARIFF TREATMENT ON INDUSTRIAL PRODUCTS WITH ALL PRESENT EC MEMBERS WHILE EXTENDING ITS OWN PREFERENTIAL TARIFF RATES FROM THE SIX TO THE NINE. IN ADDITION, THE STANDSTILL AGREEMENT ON SPANISH AGRICULTURAL EXPORTS TO THE U.K., IRELAND AND DENMARK WILL, IN PRINCIPLE, BE EXTENDED TO THE END OF THE YEAR ALTHOUGH NEGOTIATIONS ARE CONTINUING ON HOW BROAD THE COVERAGE OF AGRICULTURAL PRODUCTS WILL BE. NEGOTIATIONS ARE ALSO CONTINUING ON A LIST OF SOME 84 COMMODITIES ON WHICH EITHER SPAIN OR

CONFIDENTIAL

PAGE 03 MADRID 05237 01 OF 02 121155Z

THE EC HAS QUOTAS. THE GOS ANTICIPATES RESOLVING REMAINING PROBLEMS BY THE END OF JULY.

3. IT REMAINS GOS POLICY TO PRESS ON TOWARD FULL COMMUNITY MEMBERSHIP; AND NOW THAT SPAIN HAS A DEMOCRATICALLY ELECTED PARLIAMENT THE NEW GOS HAS DECIDED TO CONTINUE WITH ITS ORIGINAL PLAN OF SUBMITTING THIS MONTH ITS FORMAL MEMBERSHIP APPLICATION. A HIGH FOREIGN MINISTRY OFFICIAL (JAVIER RUPEREZ) INFORMS US CONFIDENTIALLY THAT DURING OCTOBER PRIME MINISTER SUAREZ PLANS A TRIP (A LA SORES) AROUND THE EUROPEAN CAPITAL CIRCUIT TO PRESS FOR SUPPORT FOR SPANISH ADMISSION. THE GOS IS CONFIDENT OF EVENTUAL SUCCESS, NOT SO MUCH BECAUSE OF SUAREZ' PERSUASIVENESS (WHICH) WILL BE AN ASSET BUT BECAUSE THEY BELIEVE THE EC, AS A PRACTICAL MATTER, HAS NO ALTERNATIVE TO ACCEPTANCE IN PRINCIPLE OF SPANISH MEMBERSHIP. SPAIN HAS ALWAYS REALIZED THAT THE NEGOTIATIONS FOR FULL INTEGRATION INTO THE EC WOULD BE LONG AND DIFFICULT. THEY ARE PREPARED FOR A SIX TO SEVEN YEAR TRANSITION PERIOD TO MAKE INTERNAL ADJUSTMENTS - LEGAL, FISCAL, BANKING, ETC., - NECESSARY TO MEET EC REQUIREMENTS AND TO BRING

SPANISH TARIFFS GRADUALLY INTO LINE WITH THE COMMON EC STRUCTURE. THE GOS CLAIMS IT IS PREPARED TO BE AS FLEXIBLE AS POSSIBLE IN MEETING THE CONCERNS OF EC MEMBERS AND WILL CONSIDER, FOR EXAMPLE, OFFERING SOME AGRICULTURAL CONCESSIONS OF INTEREST TO FRANCE.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MADRID 05237 02 OF 02 121239Z
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 AID-05 CEA-01 CIAE-00
COME-00 EB-07 EA-07 FRB-03 INR-07 IO-13 NEA-10
NSAE-00 USIA-06 OPIC-03 SP-02 TRSE-00 LAB-04
EPG-02 SIL-01 AGRE-00 OMB-01 STR-04 XMB-02 L-03
/094 W

-----019507 121252Z /43

P R 120920Z JUL 77
FM AMEMBASSY MADRID
TO SECSTATE WASHDC PRIORITY 0000
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME

C O N F I D E N T I A L SECTION 2 OF 2 MADRID 5237

USEEC

USOECD

4. THE GOS DETERMINATION TO SEEK FULL COMMUNITY MEMBERSHIP HAS STRONG POLITICAL SUPPORT - INTEGRATION INTO EUROPE AND ITS ECONOMIC STRUCTURES WAS PART OF THE PLATFORM OF BOTH THE UCD AND THE SOCIALIST PSOE DURING THE ELECTION CAMPAIGN. EVER SINCE APRIL 1976 WHEN THE GOS RENEWED NEGOTIATIONS POINTING TOWARD FULL MEMBERSHIP, AND EVEN BEFORE, SPAIN'S MOTIVES HAVE BEEN LARGELY POLITICAL. JOINING THE EC HAS MEANT BEING ACCEPTABLE AS PART OF A MODERN, DEMOCRATIC WESTERN

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MADRID 05237 02 OF 02 121239Z

EUROPE. THE REQUIREMENTS FOR FULL ACCEPTANCE BY EUROPE WERE IN FACT POWERFUL ARGUMENTS USED TO GARNER ADDITIONAL PUBLIC SUPPORT FOR THE ESTABLISHMENT OF DEMOCRATIC INSTITUTIONS. NOW THAT SPAIN FEELS IT HAS MET THE POLITICAL TEST, IT FINDS ITSELF FACED WITH CONTINUING IMPEDIMENTS TO TAKE ACCOUNT OF AGRICULTURAL INTERESTS IN FRANCE AND ITALY, BY EUROPEAN PROTECTIONIST ATTITUDES (STEEL, TEXTILES, SHOES), BY FISHING PROBLEMS IN EC WATERS, BY CHANCELLOR SCHMIDT'S ATTITUDE TOWARD COMMUNITY ENLARGEMENT, AND BY REPORTED STATEMENTS BY MITTERAND AGAINST SPANISH MEMBERSHIP.

5. WITH THE PAST EMPHASIS ON THE POLITICAL CHANGES REQUIRED TO BE ACCEPTABLE AS A EUROPEAN PARTNER, THERE HAS BEEN NO DETAILED PUBLIC DISCUSSION IN SPAIN OF THE ECONOMIC IMPLICATIONS OF FULL MEMBERSHIP. WHILE SOME SPANISH BUSINESSMEN ARE FEARFUL OF THE IMPLICATIONS AND ARE NOT ENTHUSIASTIC ABOUT CHANGE, THE GENERAL FEELING IS THAT SPAIN'S ENTRY INTO THE COMMON MARKET IS INEVITABLE AND WILL ON BALANCE BE BENEFICIAL PROVIDED THE TIMING IS GRADUAL AND THE TERMS SATISFACTORY. BETTER MANAGED ENTERPRISES WITH ADEQUATE SCALE, PRODUCTIVITY, AND COST STRUCTURES ARE CONFIDENT THEY CAN ADJUST TO NEW CIRCUMSTANCES. THOSE WHO MAY BE DISADVANTAGED BY THE INTEGRATION OF SPAIN IN THE COMMON MARKET CANNOT BE GROUPED BY SECTOR, BUT RATHER ON A COMPANY BASIS WHERE COST STRUCTURE REDUCES COMPETITIVENESS. THESE COMPANIES CAN BE EXPECTED TO BECOME MORE VOCAL IN THEIR OPPOSITION AS IT BECOMES CLEAR THAT PROTECTION THEY NOW ENJOY WILL EVENTUALLY DISAPPEAR. HOWEVER, THE LENGTHY TRANSITION PERIOD THE GOS FORESEES TO HARMONIZE ITS TARIFF STRUCTURE SHOULD PROVIDE A CUSHION AND TEMPER OPPOSITION FROM INJURED BUSINESSMEN.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MADRID 05237 02 OF 02 121239Z

6. COMMENT: THE SPANISH WOULD SEEM TO VIEW GAINING EC ACCEPTANCE IN PRINCIPLE OF SPANISH COMMON MARKET MEMBERSHIP AS PRIMARILY A POLITICAL EXERCISE, AND THE LENGTHY PERIOD OF ADJUSTMENT BEFORE FINALLY ENTERING AS THE AREA FOR ECONOMIC BARGAINING. WE HAVE HAD VARIOUS INDICATIONS THAT SPAIN INTENDS TO USE THE POSSIBILITY OF NATO MEMBERSHIP AS LEVERAGE IN FAVOR OF COMMON MARKET MEMBERSHIP; MOST RECENTLY RUPEREZ TOLD US THE

GOS HAD DECIDED THAT IT WOULD MAKE NATO MEMBERSHIP
CONTINGENT UPON ACCEPTANCE IN PRINCIPLE OF SPAIN'S
ENTRY INTO THE COMMON MARKET, AN ACCEPTANCE THAT WOULD
ALSO EASE THE TASK OF BUILDING A MEASURE OF DOMESTIC
POLITICAL CONSENSUS BEHIND NATO MEMBERSHIP. HOW ANY
SUCH SCENARIO UNFOLDS WOULD OF COURSE DEPEND IN GOOD
MEASURE ON WHETHER THE EC NINE CHOOSES TO ACCEPT THE
BAIT. STABLER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PRODUCTION, ECONOMIC COOPERATION, EXPORTS, PREFERENTIAL TARIFFS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MADRID05237
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Expiration:
Film Number: D770247-0413
Format: TEL
From: MADRID USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770767/aaaacgjo.tel
Line Count: 232
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3d0de76c-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1890972
Secure: OPEN
Status: NATIVE
Subject: SPAIN AND THE EEC
TAGS: PINT, ECIN, SP, EEC
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/3d0de76c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009